

ISSUE DATE: September 17, 1999

DOCKET NO. P-421, 430/CP-97-1599

ORDER REQUIRING COST STUDIES AND PROPOSED RATES

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Edward A. Garvey  
Joel Jacobs  
Marshall Johnson  
LeRoy Koppendrayer  
Gregory Scott

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

In the Matter of a Petition for Extended Area  
Service from Lewiston to Rochester,  
St. Charles, Eyota, and Winona

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**PROCEDURAL HISTORY**

On October 30, 1997, subscribers in the Lewiston exchange filed a petition for Extended Area Service (EAS) from the Lewiston exchange to the exchanges of Rochester, St. Charles, Eyota, and Winona. Sprint United Telephone (Sprint) serves the exchanges of Lewiston and Eyota; U S West Communications, Inc. (USWC) serves the exchanges of Rochester, St. Charles, and Winona.

On November 6, 1997, the Minnesota Department of Public Service (the Department) filed comments regarding the petition. The Department stated that it did not believe that the Eyota exchange fulfilled the Commission's adjacency requirements. The Department asked that Sprint file traffic studies for the remaining EAS routes.

On December 22, 1997, Sprint filed a traffic study for the proposed routes.

On April 22, 1998, the Department filed comments recommending that the Commission order cost studies and rate recommendations for two EAS routes: 1) Lewiston to the Rochester-St. Charles local calling area (LCA) and 2) Lewiston to Winona.

On December 9, 1998, Sprint filed additional traffic studies. This study contains two portions, one dated March 18, 1998, and the other dated April 13, 1998.

On February 10, 1999 a customer in the Lewiston exchange filed a complaint questioning the validity of the traffic studies filed for the route proposed between Lewiston and the Rochester-St. Charles LCA. The complaint alleged that the traffic studies were ambiguous, unclear, and inconsistent with Commission preferences.

The Commission met on August 31, 1999 to consider this matter.

## **FINDINGS AND CONCLUSIONS**

### **I. STATUTORY FRAMEWORK**

The Commission will evaluate this petition under criteria established in the Commission's February 23, 1996 Order in Docket No. P 999/CI-94-296. In that Order the Commission stated that if these criteria are met, the Commission will order installation of the requested EAS. These criteria are:

- The petitioning exchange is contiguous to an exchange or local calling area to which EAS is requested in the petition.
- At least 50 percent of the customers in the petitioning exchange made one or more calls per month to the exchange or local calling area to which EAS is requested, as determined by a traffic study; and
- Polling by the Commission shows that a majority of the customers responding to a poll in the petitioning exchange favor the installation, unless all parties and the Commission agree that no polling is necessary.

### **II. ADJACENCY**

#### **A. Lewiston to Winona Route**

The official exchange map on file with the Department shows that the Lewiston exchange shares a common border with the Winona exchange. Therefore, the Lewiston exchange is adjacent to the Winona exchange, thereby meeting the adjacency criterion cited above.

#### **B. Lewiston to the Rochester/St. Charles LCA Route**

Since St. Charles and Rochester have EAS to each other, they form a local calling area. The official exchange map on file with the Department shows that the Lewiston exchange shares a common border with the St. Charles exchange. Therefore, Lewiston is adjacent to the Rochester/St. Charles LCA and, accordingly, meets the adjacency requirement.

#### **C. Lewiston to Eyota Route**

Lewiston does not share a common border with the Eyota exchange, nor with any exchange that has EAS with Eyota. The adjacency requirement, accordingly, is not met with respect to the proposed Lewiston to Eyota route. No further action will be taken regarding that proposed route.

### **III. ADEQUATE TRAFFIC**

#### **A. Lewiston to Winona Route**

Two traffic studies showed traffic between the Lewiston and Winona exchanges far above the requirement that fifty (50%) percent of Lewiston customers place three or more calls to Winona exchange per month. The first study reported that 81.8 percent of Lewiston subscribers made such calls. The second recorded 84.8 percent. Clearly, the traffic criterion is met with respect to the proposed Lewiston to Winona route.

#### **B. Lewiston to the Rochester/St. Charles LCA**

Sprint submitted two traffic studies relating to traffic for the Lewiston to the Rochester/St. Charles LCA route.<sup>1</sup> The earlier of these two studies reported slightly less than adequate traffic during a one-month period: 45.5 percent of Lewiston subscribers making 3 or more calls between November 10, 1997 and December 10, 1997 to the Rochester/St. Charles LCA. The second study covered a more extensive and recent period (November 11, 1997 through February 10, 1998 ) reported an average of 71.4 percent of households making the requisite number of calls to the Rochester/St. Charles LCA.

The Commission concludes, based on the longer and more recent study, that the Lewiston to Rochester/St. Charles LCA route meets the traffic criterion.

### **IV. NEXT STEPS**

Based on the foregoing analysis and findings of adjacency and adequate traffic, the Commission will continue to process two of the proposed Lewiston routes: 1) Lewiston to Winona and 2) Lewiston to the Rochester/St. Charles LCA. The Commission will proceed to the next phase for those routes and ballot (poll) the Lewiston subscribers to determine whether the third and final criterion (subscriber support) will be met.

Before balloting, however, the Commission will establish EAS rates to be used in the balloting. To provide an adequate record for setting those rates, the Commission will direct the affected telephone companies as specifically provided in the Ordering Paragraphs.

Thereafter, the Commission will set rates for the two qualifying routes and proceed to balloting Lewiston subscribers.

### **ORDER**

1. Within 60 days of the date of the Order, Sprint and USWC (the Companies) shall file cost studies and proposed rates for the following two routes: 1) Lewiston to Winona; and 2) Lewiston to the Rochester/St. Charles LCA.

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<sup>1</sup> Sprint also provided a traffic study that reported the traffic between Lewiston and each of the two exchanges separately, i.e. Lewiston to Rochester and Lewiston to St. Charles. This study was not on point because the route in question in this matter is Lewiston to the Rochester/St. Charles LCA.

2. As part of their filing pursuant to Ordering Paragraph 1, the Companies shall
  - a. provide supporting information as requested by Commission staff and the Department;
  - b. use cost study methodologies that are consistent with previous Commission decisions for non-metropolitan area EAS routes, including the use of a stimulation factor of 3; and
  - c. provide proposed rates showing the petitioning exchange bearing 75%, 60% and 50% of the EAS revenue requirement.
3. Within 45 days following the filing of cost studies and proposed rates by the companies, the Department shall file a report and recommendation regarding proposed rates.
4. Parties shall have 20 days to respond to the Department's report.
5. The Executive Secretary shall have authority to vary the above deadlines if the Executive Secretary deems necessary.
6. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

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